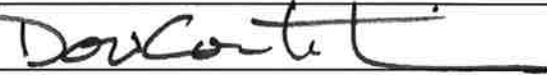




King County

Administrative Policies and Procedures

General Administrative Policies & Procedures

<p>Title</p> <p>Cash Handling and Receipting Procedure</p>	<p>Document Code No.</p> <p>FIN 15 – 3 – 1 (AEP)</p>
<p>Department/Issuing Agency</p> <p>DES / FBOD / Financial Management</p>	<p>Effective Date</p> <p>FEBRUARY 22, 2011</p>
<p>Approved</p> 	

- 1.0 **SUBJECT TITLE:** Cash Handling and Receipting Procedure
 - 1.1 **EFFECTIVE DATE:** 10 days after signed by Executive.
 - 1.2 **TYPE OF ACTION:** SUPERSEDING FIN 15 – 3 (AEP), August 31, 2007.
 - 1.3 **KEY WORDS:** (1) Administrative Policies and Procedures, (2) Cash, (3) Cash Handling, (4) Receipting, (5) Deposits, (6) Safeguard County Funds.
- 2.0 **PURPOSE:** To establish uniform procedures for cash handling and receipting at the County level.
- 3.0 **ORGANIZATIONS AFFECTED:** All King County Executive Departments, Offices, and Agencies.
- 4.0 **REFERENCES:**
 - 4.1 RCW 36.29.010, General Duties, County Treasurer
 - 4.2 RCW 43.09.185, Loss of Public Funds
 - 4.3 RCW 43.09.240, Public Officers & Employees, Duty to Account and Report Deposits
 - 4.4 Washington State Office of Financial Management Resources, Receivable Collection Best Practices:
http://www.ofm.wa.gov/resources/internal_control/ICreceivables_best_practices.pdf
 - 4.5 Administrative and Accounting Resources, Internal Control:
<http://www.ofm.wa.gov/resources/internal.asp>
 - 4.6 Washington State Office of Financial Management Administrative and Accounting Manual, Chapter 20 Internal Control and Auditing:
<http://www.ofm.wa.gov/policy/20.htm>

Chapter 85.20 Revenue and Cash Receipts:
<http://www.ofm.wa.gov/policy/85.20.htm>

Chapter 85.50 Cash:
<http://www.ofm.wa.gov/policy/85.50.htm>

5.0 DEFINITIONS: “Funds” and “Receipts” mean currency, coin, check, money orders, etc.

6.0 POLICIES: It is the policy that all King County departments, offices, and agencies that handle “funds” and “receipts” establish and maintain cash handling and receipting procedures for the purpose of:

- Determining accountability over receipt of public funds.
- Supporting an internal control environment for all departments, offices, and agencies.
- Ensuring effective safeguards are in place.
- Ensuring appropriate cash handling and receipting goals are met, and state and King County code regulations are followed.
- Establishing guidelines that ensure the integrity of compliance with King County business and financial reporting.
- Ensuring appropriate action is taken when discrepancies or audit findings are identified.
- Informing top management of critical cash issues that cross department lines and have broad impacts.

7.0 PROCEDURES: Action by Managers, Supervisors, or Fund Administrators.

7.1 Memo Guidelines

In order to protect County employees and safeguard County funds, Managers and Administrators should develop specific processes based on the following guidelines:

Basic Process —

- Receive funds, verify amounts, and verify that funds belong to the department, office or agency.
- Any funds received must be deposited intact within 24 hours (RCW 36.29.010 and RCW 43.09.240). Under limited circumstances, a waiver may be obtained from the King County Finance Director.
- Restrictively endorse checks.
- Issue receipt, if appropriate.
- If log sheets are used, record funds in duplicate.
- Prepare deposit slip in duplicate. (1 copy for bank, 1 copy for agency records).
- Forward deposits to the bank daily.
- Reconcile deposits to bank statements and County fund accounts.
- Record journal over/shorts, deposit adjustments, losses, etc. in a timely manner.
- A person independent from the process should review all records periodically, and the review should be documented with the date and the initials of the reviewer.

Receipting —

- Cash/checks/coin should be recorded in a sequential number format. Each transaction should be logged in duplicate if using a receipt journal, or recorded in a point of sale system (or similar system). Official King County receipts will be used (no “Redi-Forms”, contact Accounts Receivable for receipt books).

- All receipts are to be bound and sequentially numbered. The agency retention copy should not be detached from the receipt book and shall remain intact.
- Offsite collections should be handled similarly to onsite collections.
(Reminder: 24-hour RCW deposit requirements apply to decentralized receipting locations).
- Any department/entity having accounts with collections must first verify if the customer is to pay the collection agency directly. Payment in full is required.
- Whether transaction is point of sale or manual, a receipt should always be given to the customer.
- Unless generated by a point of sale system, receipts should specify 'King County' and the appropriate department/agency name, and telephone number.
- Such receipts are to be signed and dated by a County employee.
- Such receipts will be legible, indicate the dollar amount paid, and will indicate the mode of payment (cash, check, etc.).
- Void documents should be marked VOID and all parts saved in numerical sequence.
- Missing documents must be accounted for.
- Funds received that are not identifiable as belonging to your department should be reported directly to FMS Accounts Receivable (Admin. Building, Room 620), or via e-mail to the FMS Accounts Receivable Supervisor. **Do not send funds through interoffice mail.**

Deposits —

- Whenever possible, mail should be opened by two persons.
- Automated scanning devices may be used in place of one person.
- Bank deposits should be made by someone other than the cashier or bookkeeper.
- Persons responsible should be regular FTE employees (not volunteers or light duty).
- Employees shall be properly trained annually; records of such training must be kept onsite, and available for audit purposes.
- Whenever possible, receipts are to be received through a lockbox.
- Deposits are to be made only to authorized/approved bank accounts.
- Use tamper-proof bags.

Documents:

- Deposit logs should be in duplicate.
- Deposit tickets should be preprinted with agency/department's name and account number.
- Deposit tickets should be in duplicate.
- Deposit records should regularly be compared to receipt logs to ensure that the make-up of deposits matches the receipt of cash and checks, and that there has been no substituting of checks for cash.
- Amounts submitted for deposit by centralized/decentralized receipting locations should be supported by original source documents (i.e. Z tapes, system reports, sequentially numbered receipts, etc).

Timeliness —

- Incoming cash (including currency, coins, checks) and equivalents must be deposited within 24 hours (RCW 36.29.010).

- If currency is received in the mail, count and verify the amount.
- Do not accept foreign remittance tenders. Currency should be examined for authenticity; counterfeits are not to be deposited. (Currency and checks should be in US dollars; checks must be drawn on a US bank).
- Remittances by mail are to be listed (using the deposit log) at the time the mail is opened.
- Upon receipt, checks should be restrictively endorsed "For Deposit Only."
- Cash/checks should NOT be forwarded to another department via interoffice mail.
- Cashiers should not cash personal checks.

Safekeeping and Security Access —

- A secure location of funds (a safe if available) must be used at all times.
- Unless absolutely necessary, cash receipts should not be held overnight. Deposits held overnight should be in a secure locked safe. Access to the secured area should be restricted.
- Secure area should be protected by the use of registers, safes, or locks (not a desk drawer).
- A limited number of keys, password locks, or safe combinations shall be issued and monitored by a designated Supervisor or Manager.
- The keys, password lock, or safe combination shall be changed periodically throughout the year, and when employees leave. Supervisor or Manager will have the authority and control to do so.
- The secured area is to be locked when not occupied.

Reconciliation —

Over/short

- Shortages or overages should be investigated and corrected to the maximum extent possible, and signed off by the supervisor or authorized personnel.
- No personal funds or "slush" funds should be used to correct over/shorts.
- Any counterfeit currency identified by bank should be recorded as a shortage.

Loss

- Known loss, suspected loss, or theft should be reported immediately (RCW 43.09.185) to:
 1. The Department Supervisor.
 2. King County's Chief Accountant, who reports to the State Auditor.
- No records related to any suspected loss should be destroyed; records should be kept as documentation.

Logs

The duplicate deposit log should be compared to the actual deposit slip for any inconsistencies.

Reconciliation

- Bank statements should be reconciled to deposit/withdrawal activity daily.

- Bank adjustments should be researched, corrected, and documented. Any necessary journal entries must be clearly documented when reconciling, i.e., Who, What, Why, Where, and When.
- District/Agency fund accounts should be reconciled to bank statements.

Internal Controls —

Internal controls are to be established following basic internal control concepts and are to aid in the assurance that the accounting records are accurate and in conformity with generally accepted accounting principles.

Segregation of Duties

- No individual is to have complete control in the handling of cash, receipts or funds, i.e., no one individual should be responsible for the actual handling of money, recording receipt of money, deposit, and the reconciliation of bank accounts/funds. Departments shall be responsible for making sure work is checked by employees handling cash. (If this guideline cannot be met, see "Small Office Issues" below for approval of waiver).
- Each person assigned cash handling responsibility should be assigned a separate log-on to receipting systems (cash registers/software programs/etc).
- For change funds, each person should have their own cash drawer that is not accessible by any other person to provide individual accountability if a loss should occur.
- Persons accounting for the pre-numbered receipt forms should not be the same as those persons responsible for receipting activities.
- Written procedures on all cashiering and cash control procedures are to be maintained such that the organization could continue to operate if a key employee is not at work.

Small Office Issues

If a department cannot segregate duties, compensating control procedures may be approved by a waiver obtained from the King County Finance Director. Prior to submission of the waiver request, the department, office, or agency will submit detailed compensating control procedures for review by the Accounts Receivable Supervisor, Department of Executive Services, Finance and Business Operations, and the Financial Management Section. The Accounts Receivable Supervisor in FBOD will forward the waiver request to the Finance Director for approval. Once approved, the waiver will be in effect for a year, and renewed annually.

Miscellaneous —

- Accounting records are to be neat, in ink, and in proper order.
- Accounting records are to be kept current.
- Journal entries are to be complete with correct accounts, detailed transaction descriptions, and will have an original signature approval. Approval will be by authorized personnel.
- A current organizational chart is to be maintained and followed.
- Records are to be stored in accordance with the State of Washington Records Retention Schedules and be consistent with King County retention guidelines.

8.0 RESPONSIBILITIES:

- 8.1 All applicable King County Departments, offices, and agencies that handle and receipt cash are to establish and implement their own internal cash handling and receipting procedures using these standards as a guideline. The Finance and Business Operations, Financial Management Section shall review department's/division's policies and procedures prior to adoption.
- 8.2 All applicable King County Departments, offices, and agencies will comply with these guidelines, and are responsible for informing their employees of these policies and procedures.
- 8.3 All applicable King County Departments, offices, and agencies that handle and receipt cash are to perform a cash handling control review **annually** using a cash control questionnaire provided by the Finance and Business Operations Division (FBOD) Financial Management Section (FMS).
- 8.4 FBOD - FMS will distribute cash control questionnaires annually, review agency responses, and follow up as necessary.
- 8.5 All applicable King County Departments, offices, and agencies that handle and receipt cash will revise cash handling procedures when affected by changed conditions. Revised procedures will be sent to FBOD for review and approval.

9.0 APPENDICES:

- 9.1 Balancing Cash Receipting: Automatic (Point-of-Sale with Register), Appendix A
- 9.2 Balancing Cash Receipting: Manual, (Point-of-Sale without Register), Appendix B